



PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdc@pdc.wa.gov • Website: www.pdc.wa.gov

9:00 a.m.
October 23, 2001

MINUTES – REGULAR MEETING

Evergreen Plaza Bldg. Room 206
711 Capitol Way South
Olympia, Washington

COMMISSION MEMBERS PRESENT

Christine Yorozu, Chair
Gerry Marsh, Vice Chair
Lois Clement, Secretary
Susan Brady, Member

COMMISSION MEMBER ABSENT

Ronda Cahill, Member

STAFF PRESENT

Vicki Rippie, Executive Director
Susan Harris, Assistant Director
Michael Smith, Chief Tech. Officer
Nancy Krier, Asst. Attorney General
Neil Gorrell, Asst. Attorney General
Ruthann Bryant, Secretary

The regular meeting of the Public Disclosure Commission was called to order by Commission Chair Christine Yorozu at 9:15 a.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

Commissioner Comments

Commissioner Yorozu commented on a meeting with the editorial board of the Eastside Journal she and Vicki Rippie attended. She also noted that staff has implemented a weekly media message called the “Friday Facts” as a result of a comment made by editorial board members that PDC’s website deserves more media attention and public scrutiny.

Citizen Comments/Concerns

No citizen comments were expressed.

Minutes

Nancy Krier requested that the word “statue” be replaced with “statute” in the Attorney General’s

Report section of the September 27, 2001 minutes.

Moved by Commissioner Brady, seconded by Commissioner Marsh:

Motion 02-049

The Commission adopts the minutes of the special meeting of September 27, 2001, as amended.

The motion passed unanimously.

Executive Session

The Commission went into executive session at 9:20 a.m. to discuss potential litigation with legal counsel.

Public Session

The Commission returned to public session at 9:34 a.m.

Rule Making

Public Hearing

Rules regarding Occupation and Employer Thresholds

Doug Ellis reported on possible permanent adoption of two amendments that would increase the threshold for reporting occupation and employer information and make the necessary changes to PDC form C-3 to reflect the threshold change.

WAC 390-16-034

Additional Reporting Requirements. This rule amendment would increase the dollar threshold at which campaigns report an individual's occupation and employer name and address from \$100 or more to a threshold of more than \$100.

WAC 390-16-031

Forms for Statement of Contributions Deposit. This rule amendment would be required if the Commission adopts changes in WAC 390-16-034. The C-3 form would reflect the new reporting threshold for reporting occupation and employer information.

Mr. Ellis also summarized an analysis of contributions of \$100 or more to state office campaigns, which showed low percentages of contributions of exactly \$100.

Commissioner Clement requested that staff analyze smaller jurisdictions to see how campaigns for local office in these communities would be affected.

Carolyn Van Noy, Executive Director of the City of Seattle's Ethics and Elections Commission expressed opposition to the rule change because it would eliminate a significant amount of information from public disclosure and result in weakening the deterrence that the requirement provides. Ms. Van Noy also commented that reducing the number of contributors for whom occupation and employer must be reported does not result in a commensurate reduction in burden.

Chuck Sauvage, representing Common Cause, also expressed strong support for leaving the current level of disclosure regarding campaign contributors available to the public.

Commissioner Brady commented that the Occupation and Employer rule was not a part of the voter passed initiatives in 1972 or 1992. She asked whether the Federal Election Commission has changed its threshold for reporting occupation and employer.

Mr. Ellis responded that the Federal Election Commission threshold remains at \$200.

Motion 02-050

Moved by Commissioner Clement, seconded by Commissioner Marsh:

The Commission continues the public hearing concerning Proposed Rule-Making Regarding the Occupation and Employer Threshold, and other rules

**affected by the proposed change, until
the December meeting.**

The motion passed unanimously.

Rules Regarding Mini Reporting

Doug Ellis reported on a proposed package regarding five existing rules that completes the process for eliminating Abbreviated reporting and raises the Mini reporting thresholds.

WAC 390-16-041

Summary of total contributions and expenditures. This rule would eliminate the form C4abb. The abbreviated reporting option is no longer available and the form is no longer needed.

Mr. Ellis noted that the following proposed rule amendments had been adopted as emergency rules by the Commission on June 28, 2001.

WAC 390-16-115

Abbreviated Campaign Reporting – Conditions for granting use. This rule changes the title and incorporates parts of WAC 390-16-120 concerning the times and place for filing reports. This amendment would implement the conditions under which the Mini reporting (rather than Abbreviated) may be used.

WAC 390-16-120

Abbreviated Campaign Reporting – Times and place for filing reports C-1, C-1pc and C-4abb. This rule is no longer necessary. The proposed amendment to WAC 390-16-115 incorporates this language into one consolidated rule.

WAC 390-16-125

Abbreviated Campaign Reporting – Exceeding limitations. This rule changes the title from Abbreviated to Mini. This rule amendment would clarify the process by which a filer changes from Mini reporting (rather than Abbreviated) to full reporting.

WAC 390-16-155

Mini Campaign Reporting – Exceeding limitations. Repeal this rule. Amendments to WAC 390-16-105 and WAC 390-16-150 render this rule obsolete.

If approved, staff will file the CR 103 Rule-Making Order with the Code Reviser's Office and the rules would become effective on January 1, 2002.

There were no public comments.

Motion 02-051

Moved by Commissioner Brady, seconded by Commissioner Marsh:

The Commission amends WAC 390-16-041, Forms – Summary of total contributions and expenditures, excluding Schedule B and Schedule L, effective January 1, 2002.

The motion passed unanimously.

Motion 02-052

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission amends WAC 390-16-115 Abbreviated Campaign Reporting – Conditions for granting use, WAC 390-16-125 Abbreviated Campaign Reporting – Exceeding limitations, and repeals WAC 390-16-120 Abbreviated Campaign reporting – Times and place for filing, and WAC 390-16-155 Mini Campaign Reporting – Exceeding limitations, effective January 1, 2002.

The motion passed unanimously.

*Rules regarding I-134 Thresholds
and HB 1770*

Mr. Ellis reported on a package of proposed rules which would change the limit and threshold amounts established by Initiative 134 and convert PDC Interpretation 01-02 into a rule.

WAC 390-05-400

Changes in Dollar Amounts. RCW 42.17.690 requires the Commission to revise the dollar amounts established by Initiative 134 at the beginning of each even-numbered year. This possible rule amendment would make inflationary adjustments.

WAC 390-17-302

Contributions after the Primary Election. This new rule would permanently adopt PDC Interpretation 01-02, which clarifies House Bill 1770 allowing contributions to be made to unsuccessful primary election candidates for 30 days after the primary to pay off debts incurred during the primary election.

If approved, staff will file the CR 103 Rule-Making Order with the Code Reviser's Office and the rules would become effective on January 1, 2002.

There were no public comments on this rule package.

Motion 02-053

Moved by Commissioner Clement, seconded by Commissioner Marsh:

The Commission amends WAC 390-05-400 Changes in Dollar Amounts and adopts WAC 390-17-302 Contributions after the Primary Election effective January 1, 2002.

The motion passed unanimously.

Rules on Electronic Filing

Doug Ellis presented proposed rule making on five possible new rules for electronic filing. Mr. Ellis reported that beginning in 2002, all candidates and political committees, including ballot measure committees, who expended \$25,000 or more in 2001, or expect to spend \$25,000 or more during 2002, will be required to submit campaign finance reports electronically. In 2004 the expenditure threshold drops to \$10,000.

Mr. Ellis also reported that the proposed rules represent the first step in implementing RCW 42.17.3691 and are designed to provide guidance to filers required to file reports electronically.

WAC 390-19-010

Intent of Electronic Filing.

WAC 390-19-020

Electronic Filing – Mandatory Filing.

WAC 390-19-030

Electronic Filing – Reporting Threshold.

WAC 390-19-040

Electronic Filing – Verification and Amendments.

WAC 390-19-050

Electronic Filing – Exceptions.

WAC 390-16-190

Electronic Filing. This rule is being proposed for repeal.

If approved, staff will file the CR 103 Rule-Making Order with the Code Reviser's Office and the rules would become effective on January 1, 2002.

There were no public comments.

Motion 02-054

Moved by Commissioner Marsh, seconded by Commissioner Clement:

The Commission adopts WAC 390-19-010 Intent of Electronic Filing, WAC 390-19-020 Electronic Filing – Mandatory Filing, with staff amendment #3, WAC 390-19-030 Electronic Filing – Reporting Threshold, with staff amendment #4, WAC 390-19-040 Electronic Filing – Verification and Amendments and WAC 390-19-050 Electronic Filing – Exceptions effective January 1, 2002.

The motion passed unanimously.

Proposed Expedited Rule-Making

Mr. Ellis also reported on proposed rule amendments relating to 26 existing rules. The amendments correct typographical errors such as misplaced commas, periods, or quotation marks, and incorporate, where appropriate, the change of address on forms and other documents.

WAC 390-05-200 Definition--Candidates for public office--Time of filing
WAC 390-05-205 Definition of term "consumable"
WAC 390-13-010 Optional format for requests for lists of individuals

WAC 390-13-100 Duties of elections officials receiving copies of campaign finance reports
WAC 390-16-060 Forms for report of independent expenditures
WAC 390-16-038 Definition--Aggregate
WAC 390-16-105 Mini campaign reporting--Eligibility
WAC 390-16-226 Loans
WAC 390-16-308 Identification of source of contribution
WAC 390-17-060 Exempt activities--Definitions, reporting
WAC 390-37-315 Political committees--Qualifications to contribute
WAC 390-18-040 Use of the terms "reelect," "retain," and "return"
WAC 390-20-020 Forms for lobbyist report of expenditures
WAC 390-20-105 Lobbyist's employer--Meaning--Examples
WAC 390-24-200 Descriptions of real property
WAC 390-12-040 Public disclosure commission--Description of central and field organization
WAC 390-14-025 Requests for public records
WAC 390-14-045 Records index
WAC 390-16-032 Forms--Auction report
WAC 390-16-033 Earmarked contributions--Reporting--Form
WAC 390-16-050 Forms for contributions and expenditures of political committees not domiciled in Washington state
WAC 390-20-110 Forms for lobbyist employers report
WAC 390-20-111 Form for lobbyist employers report of political contributions
WAC 390-20-120 Forms for report of legislative activity by public agencies
WAC 390-20-125 Forms for registration and reporting by sponsors of grass roots lobbying campaigns
WAC 390-20-130 Forms for statement of employment of legislators, state officers, and state employees

Staff will file the CR 105 Expedited Rule-Making and the CR 103 Rule Making Order with the Code Reviser's Office.

Motion 02-055

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission authorizes staff to move forward in the rule making process for expedited adoption. Pending no objection, the Commission authorizes staff to prepare an order with these rule amendments without a public hearing.

The motion passed unanimously.

Enforcement

Hearings

*Tacoma School District, Case
#01-199*

Assistant Attorney General Neil Gorrell read the Stipulation of Facts, Violations and Penalty into the record. He then summarized the case against Tacoma School District for alleged violations of RCW 42.17.680(4) for failing to maintain open for public inspection documents and books of account and a copy of each employee's request for withholding wages for the purpose of making contributions to a political committee. Mr. Gorrell noted that Harriet Strasberg, representing the Washington Education Association, submitted a letter in lieu of filing an Amicus Brief and enforcement staff provided a response.

Susan Schreurs, General Counsel for Tacoma Public Schools, stated that the forms were available and provided upon request although the names of the individuals, their addresses, telephone numbers and social security numbers were redacted. Ms. Schreurs noted that she has met with district staff and procedures have been put in place to comply with the statute.

Motion 02-056

Moved by Commissioner Brady, seconded by Commissioner Clement:

In PDC case #01-199, Tacoma School District, the Commission accepts the Stipulation of Facts, Violations and Penalty of \$1,000 with \$500 suspended based on no future violations of RCW 42.17 for four years.

The motion passed unanimously.

Commissioner Yorozu noted that Vicki Rippie was authorized to sign the order on behalf of the Commission.

Leslie Martinez, Case #01-469

Phil Stutzman summarized the case against Ms. Martinez for violation of RCW 42.17.240 for failing to file a Statement of Financial Affairs by April 16, 2001. Mr. Stutzman noted that the case was heard at the September 27, 2001 special meeting but there had been a mistake in the date of hearing on the notice sent to Ms. Martinez and staff is presenting the case again to ensure proper notice has been given. Mr. Stutzman reported that Ms. Martinez has two prior violations of RCW 42.17.240 and currently has outstanding penalties in the amount of \$650. Ms. Martinez's outstanding F-1 reports due in 1999, 2000 and 2001 were filed on October 19, 2001.

Motion 02-057

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission finds a violation of RCW 42.17.240 in PDC case #01-469 by Leslie Martinez and assesses a penalty of \$500.

The motion passed unanimously.

The Commission advised that this motion substitutes for Motion 02-036 against Leslie Martinez made at the September 27, 2001, Special Commission Meeting.

Requests for Review

William Boyce, Case #01-267

Mr. Stutzman reported that a brief enforcement hearing was held July 30, 2001, in which Mr. Boyce was found in violation of RCW 42.17.240 for failure to timely file a Statement of Financial Affairs. Mr. Boyce was assessed a penalty of \$250.

Mr. Boyce was present via telephone and stated that he originally filed the form in May and resubmitted the form in June when he learned that the form had not been received. Mr. Boyce also commented that he will strive to ensure the forms are filed on time in the future.

Mr. Stutzman noted that Mr. Boyce also had a late filing in 1999 and was assessed a penalty of \$200.

There was no motion for review.

Claude Hicks, Case #01-391

Mr. Stutzman reported that a brief enforcement hearing was held July 30, 2001, in which Mr. Hicks was found in violation of RCW 42.17.240 for failure to timely file a Statement of Financial Affairs. Mr. Hicks was assessed a penalty of \$250. The form was filed on July 21, 2001.

Mr. Hicks provided a brief letter stating that he would like the Commission to review the matter.

There was no motion for review.

Edward Smith, Case #01-595

Mr. Stutzman reported that a brief enforcement hearing was held July 30, 2001, in which Mr. Smith was found in violation of RCW 42.17.240 for failure to timely file a Statement of Financial Affairs. Mr. Smith was assessed a penalty of \$100. The form was file on June 20, 2001.

Mr. Smith was present via telephone and stated that he mailed the form in early February and was not aware that the form did not arrive until he received the hearing notice. He immediately resent the form certified mail in June.

Motion 02-058

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission upholds the violation of RCW 42.17.240 in case #01-595, Edward C. Smith, and assesses a penalty of \$100 with \$100 suspended based on no future violations of RCW 42.17 for two years.

The motion passed unanimously.

Rhonda Steinman, Case #01-603

Mr. Stutzman reported that a brief enforcement hearing was held July 30, 2001, in which Ms. Steinman was found in violation of RCW 42.17.240 for failure to timely file a Statement of Financial Affairs. Ms. Steinman was assessed a penalty of \$100. The form was filed in October.

Ms. Steinman provided a letter stating that she has always timely filed in the past but this year her husband was hospitalized for nearly two months and experienced ongoing rehabilitation. During this time she fell behind in her responsibilities and paperwork.

Motion 02-059

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission upholds the violation of RCW 42.17.240 in case #01-603, Rhonda Steinman, and assesses a penalty of \$100 with \$50 suspended based on no future violations of RCW 42.17 for two years.

The motion passed unanimously.

Cecil Stuurmans, Case #01-614

Mr. Stutzman reported that a brief enforcement hearing was held July 30, 2001 in which Mr. Stuurmans was found in violation of RCW 42.17.240 for failure to timely file a Statement of Financial Affairs. Mr. Stuurmans was assessed a penalty of \$100. The form has not been filed.

Mr. Stuurmans provided a brief letter requesting that the Commission review the matter with no further explanation.

There was no motion for review.

Charles Styger, Case #01-615

Mr. Stutzman noted that Mr. Styger requested that the hearing be postponed until the next meeting because he is currently out of town on business and would like to attend the hearing in person. This request was granted.

Reporting Modification Requests

New

*Melinda Travis, Commissioner,
Washington State Lottery
Commission*

Mr. Stutzman reported that Ms. Travis requests an exemption from reporting the business customers and other government agencies of Itron, Inc., a corporation in which her spouse owns an interest.

Motion 02-060

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission grants the reporting modification to Melinda Travis as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

*ATU Local 587 No on I-745 Account
A political committee*

Mr. Stutzman reported that ATU Local 587 No on I-745 Account requests an exemption from reporting names and addresses of its contributors on PDC form C-3. Mr. Stutzman noted that staff does not support this request.

James Oswald, Attorney representing ATU Local 587, was present via telephone and stated that reporting this information serves no significant public interest. Mr. Oswald also stated that by providing a list of all who paid the assessment would effectively identify, by omission, the members who opted out of the assessment.

Motion 02-061

Moved by Commissioner Brady, seconded by Commissioner Marsh:

The Commission grants a partial reporting modification to exclude only contributor addresses from the PDC form C-3 requested by ATU Local 587 No on I-745 Account.

The motion passed unanimously.

Renewals (no change)

The "renewals with no changes" reporting modification requests were considered en masse.

Motion 02-062

Moved by Commissioner Clement, seconded by Commissioner Marsh:

The Commission grants the reporting modifications to Washington State Democratic Central Committee, Washington State Republican Party, Dean Lum, Robert Craves, and Jeanne Stewart, as requested.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Renewals (with changes)

*Cynthia Sullivan, King County
Council Member*

Mr. Stutzman reported that Ms. Sullivan is requesting an exemption from reporting her home address for security reasons and an exemption

from reporting business and governmental customers of Hebert Research, Inc., a corporation owned by her spouse.

Commissioner Brady expressed concern regarding whether there was a potential conflict of interest given Ms. Sullivan's position on the King County Council and the type of business in which Hebert Research is engaged.

Ms. Sullivan was present via telephone and stated that she would recuse herself in council meetings when situations arise concerning known clients of Hebert Research, Inc. Ms. Sullivan also stated that she has very little knowledge of the business and is not aware of the client list.

Ms. Rippie noted that in similar instances, the Commission has ordered that the spouse disclose the names of the reportable customers of which he or she is aware.

Motion 02-063

Moved by Commissioner Brady, seconded by Commissioner Clement:

The Commission grants a partial reporting modification to Cynthia Sullivan regarding Hebert Research, Inc., that requires Ms. Sullivan: a) to disclose on the current 2001 financial affairs statement the reportable information regarding those Hebert Research customers known to her; b) to disclose reportable customer information of which she becomes aware in the future on the financial affairs report covering the period of time when she obtained the information; and c) to recuse herself from consideration of any matter concerning known reportable business customers of Herbert Research that may pose a conflict.

The Commission finds that literal application would cause a manifestly

**unreasonable hardship on the applicant
and that a limited modification would not
frustrate the purposes of the act.**

The motion passed unanimously.

Staff Reports

Executive Director

Vicki Rippie reported that staff is continuing to explore options for the agency to save funds for the biennium as a result of a request from the Governor's office. She also reported on the status of the current budget. Ms. Rippie noted that the Governor has approved PDC's Agency Request Legislation for introduction in 2002.

Assistant Director

Susan Harris reported on her trip to Baltimore to attend an executive management conference. Ms. Harris also summarized the results of an agency audit conducted by the Washington State Auditor's Office.

Executive Session

The Commission went into executive session at 12:30 p.m. to discuss pending and potential litigation with legal counsel.

Public Session

The Commission returned to public session at 1:45 p.m.

Orientation Session

Compliance and Enforcement

Phil Stutzman, Director of Compliance and Enforcement, briefed the Commission on the duties of the compliance staff and the complaint investigation process. Mr. Stutzman also summarized the enforcement procedures for brief enforcement hearings and full enforcement hearings, noting that in FY 2001, 99 brief enforcement hearings were held along with 17 full hearings.

Mr. Stutzman also discussed the basis for granting reporting modifications: the Commission finds that literal compliance works a manifestly unreasonable hardship on the applicant and the

suspension or modification will not frustrate the purposes of the Act.

Records and Administration

Karen Copeland, Director of Records and Administration, summarized how records are processed and prioritized within the agency, noting that with the technology upgrades over the previous year the process time for incoming mail to be available on the Internet has been reduced from as much as 1 month to only 3 hours. Ms. Copeland also reported that quality assurance checks of data entry activity have increased from periodic to daily.

Adjournment

Commissioner Yorozu adjourned the meeting at 3:25 p.m. The next meeting is scheduled for Tuesday, December 4, 2001.

Approved by the Commission 12/4/01